

GOVERNMENT OF ANDHRA PRADESH

A B S T R A C T

Industrial Promotion – Automobile Policy 2014-19 for encouraging Auto Industries to set-up their base in the State of Andhra Pradesh – Orders – Issued.

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INDUSTRIES & COMMERCE (IP & INF) DEPARTMENT

G.O.MS.No. 197

Dated: 01.12.2014

Read

ORDER:

Government is extending various Incentives for encouraging establishment of new industrial Enterprises in the State since 1961. In G.O. Ms. No.178, Ind. & Com. (IP)Dept., Dt:21.06.2005, Government have issued certain incentives to tiny, SSI, Medium, Large & Mega industries under Industrial Investment Promotion Policy 2005-2010, which was concluded by 31.03.2010. In continuation, Government have issued Industrial Investment Promotion Policy 2005-2010 vide G.O. Ms. No. 61, Ind. & Com. (IP), Dept. Dt:29.6.2010.

2. Government observed that in Andhra Pradesh there are hardly any auto companies. To attract Auto majors like Honda, Hyundai, Maruti etc. to set-up their second plants in Andhra Pradesh, a proactive Policy needs to be formulated with emphasis on creation of an automobile Hub in the State to make Andhra Pradesh as one of the top auto- clusters in India. Government therefore felt that it is necessary to bring out an exclusive Automobile Policy for encouraging Auto Industries to set-up their base in the State.

4. Government after careful examination decided to introduce the auto mobile policy 2014-19. Under the new "Auto mobile policy" the Government approved the following financial benefits to industries for establishment of Automobile industries in the State:

(I) ELIGIBILITY

The mega integrated automobile project will mean automobile projects that will have engine plant, press shop, Body shop, transmission line, assembly line, paint shop etc. either on its own or in consortium or joint venture mode in the same location with investments over and above Rs.1500 Cr. and which will bring ancillary units of a minimum of Rs. 500 Cr. investment within 3 years would be eligible for incentives under the Policy. This investment will include the investment made in land, building and plant & Machinery only.

(II) PATTERN OF BENEFITS/INCENTIVES/CONCESIONS

(1)Land

Government land, wherever available, at a concessional rate on case to case basis.

(2) Other Industrial Infrastructure facilities

- (a) Uninterrupted 24 hrs power supply will be provided.
- (b) 4 lane road connecting the plant to the nearest National Highway or State Highway will be provided.
- (c) All state level clearances will be provided under a Single Window system within prescribed 60 days.

(P.T.O.)

(3) State –Fiscal Incentives:

- (a) 100% CST reimbursement for 10 years or GST regime whichever is earlier;
- (b) Gross VAT reimbursement on sale of finished goods for 20 years or 150 % of Capex spent in the first 7 years, whichever is earlier;
- (c) Concessional state VAT rates on inputs /raw materials & capital goods @ 5% for 20 years;
- (d) Reimbursement of State VAT of input credit for a period of 20 years;
- (e) Power cost reimbursement @Rs.0.75 per unit for 5 years;
- (f) No entry tax and no Octroi duties on any items procured by the investors;
- (g) Reimbursement of stamp duty and transfer duty on the lands meant for industrial use;
- (h) Water supply will be made at 50 % of the price of existing industrial supply tariff for the initial 5 years from the date of commencement of commercial production.

(4) Central –Fiscal Incentives:

As per the A.P Reorganization Act, whatever package of incentives Government of India, as and when, grants to Andhra Pradesh , such package would be made applicable to the automobile companies to the extent they are relevant .

(III) INFRASTRUCTURE:

Government aims to develop an Automobile Hub in Nellore – Chittoor region, which is close to Chennai and Bangalore cities. It would also endeavor to improve necessary infrastructure like logistic parks, road connectivity, power and water supply and the like.

(IV) EXPECTATIONS FROM THE PROJECT PROPONENT:

- (a) The project (mother plant) should be fully established within 3 years;
- (b) The project proponent should make investment in training either by creating its own training facility or by supporting and collaborating with local technical institutions by way of provision of hardware, software faculty etc. and thus create high quality trained manpower in the region to support the automobile industry;
- (c) To undertake CSR in an effective manner;
- (d) To mandatorily provide employment to local people in respect of all unskilled jobs.

4. Necessary amendments /Orders will be issued by the concerned Departments.
5. Detailed Guidelines will be issued by the Commissioner of Industries separately.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

J.S.V.PRASAD
PRINCIPAL SECRETARY TO GOVERNMENT & CIP

To
The Commissioner of Industries, GoAP, Hyderabad.
The VC & MD, APIIC, Hyderabad.
The VC & MD, APIDC, Hyderabad.
The MD, APSFC, Hyderabad.
The Irrigation & CAD Department
The Revenue (Assn.) Department
The Revenue (CT) Department.
The Revenue (Regn.) Department.
The Energy Department.
All the Departments in the A.P. Secretariat.
Copy to
The Finance (Expr. Ind. & Com) Department.
The Law Dept.
The I&CAD Department.
The Energy Department.
The I & I Dept.
The IG & Commissioner of Registration and stamps, A.P., Hyd.
The Commissioner of Commercial Taxes, GoAP, Hyderabad.
All the HODs under the administrative control of Ind.& Com. Dept.

//FORWARDED :: BY ORDER//

SECTION OFFICER